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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/007,108	11/12/2001	Jay S. Walker	97-051-C1	6408
22927	7590	05/20/2004	EXAMINER	
WALKER DIGITAL FIVE HIGH RIDGE PARK STAMFORD, CT 06905			MYHRE, JAMES W	
			ART UNIT	PAPER NUMBER
			3622	

DATE MAILED: 05/20/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/007,108

Applicant(s)


WALKER ET AL

Examiner

James W Myhre

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 22 March 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 27-29 and 68-74 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 27-29 and 68-74 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 24 March 2004 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Response to Amendment

1. The amendment filed on March 22, 2004 under 37 CFR 1.116 has been considered but is ineffective to overcome the Kravitz (6,029,150) reference. The amendment did not amend any pending claim, but added new claims 68-74. Therefore, the currently pending claims considered below are claims 27-29 and 68-74.

Double Patenting

1. The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and, *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

2. Claims 27-29 and 68-74 are rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claims 1 and 12 of U.S. Patent No. 6,381,582. Although the conflicting claims are not identical, they are not patentably distinct from each other because while the patent receives a code pertaining to an order submitted to a remote merchant, receives payment for the order at a local

merchant, and transmits data indicating that payment has been received to the remote merchant, the present application receives order data pertaining to an order submitted to a remote merchant, receives payment for the order at a local merchant, and transmits data indicating that payment has been received to the remote merchant. Thus, the only difference is the receipt of a code (in the patent) vs the receipt of order data (in application), both pertaining to an order submitted to a remote merchant. However, neither the code nor the order data has been limited to exclude each other. Thus, the order data could include a code, such as an order number. Likewise, the code could include order data, such as the price. Similarly, Claim 12 of the patent and Claim 29 of the present application both add the feature that the local merchant is a third party. The newly added claims in the present application are also obviousness-type double patenting over the patented Claim 25 (Claims 68-71) and Claims 14 and 15 (Claims 72-74) which shows scanning a barcode to determine that the order is a remote order.

Drawings

3. The drawings were received on March 24, 2004. These drawings are acceptable..

Claim Rejections - 35 USC § 112

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

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5. Claim 73 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

6. Claim 73 recites the limitation "the remote seller" in line 2. There is insufficient antecedent basis for this limitation in the claim.

Claim Rejections - 35 USC § 101

7. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

8. Claims 68-71 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of

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whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it

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"enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in

State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, Claims 68-71 do not include any references to technology being used to perform any of the claimed steps. The closest terminology in the claims to technology is a point-of-sale system. However, a point-of-sale system could be a cash drawer in a store in which places and stores monies received from transactions. In the present claims, the point-of-sale system does not perform any of the steps. In Claim 68, the customer performs at least the first three steps of receiving order data from a first seller (such as the customer manually ordering an item at a seller's retail establishment and receiving an order confirmation from the first seller), receiving data indicating that a payment in full has been made from a second seller (such as a second seller handing the customer a receipt for monies paid on the order from the first seller); and transmitting data indicating that the payment has been received to the first seller (such as the customer returning to the first seller's store and showing the payment receipt to the first seller). The final step of the claim can be performed by the second seller manually carrying the money received from the customer for the order to the first seller or the first seller's bank. This could also be performed by the second seller merely transferring the money via a ledger entry if the

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first and second sellers have accounts with each other (i.e. are mutual buyers and/or sellers). The three dependent claims (69-71) do not add any technology to the method steps. The Examiner recommends the Applicant incorporate an electronic network or other technology into the claims, such as "receiving over an electronic network," and "transmitting over the electronic network,".

Claim Rejections - 35 USC § 103

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

10. Claims 27-29 and 68-71 are rejected under 35 U.S.C. 103(a) as being unpatentable over Kravitz(6,029,150).

Claims 27, 68, 70, and 71: Kravitz discloses a method for processing payment for a sale of goods in which a remote merchant receives an order from a customer, determines a total price for the order, and transmits the order data back to the customer; the customer arranges (full) payment for the order with his local agent; the remote merchant receives notification of the (full) payment receipt; the goods are then shipped to the customer; and the payment is transferred to the remote seller's account (col 7, line 12 – col 10, line 60). While Kravitz does not disclose that the local agent is a local seller (i.e. another merchant), the present claims do not include any transaction being completed with the local seller, thus, little patentable weight is given to the other

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fields of endeavor in which the payment receiver may be engaged. Furthermore, in the specification the Applicant defines the local seller (local POS system) as "As used herein, the term "POS system" includes a conventional point-of-sale processing system, an ATM machine, and any other appropriate system for receiving and processing financial payment from customers" (page 9, lines 247-249). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made that the agent could also be the local POS system (i.e. local seller). One would have been motivated to use a local seller as the agent in Kravitz in order to have a ready-made extensive network of agents, thus eliminating the need to set up an additional system of agents throughout the country.

Claims 28 and 69: Kravitz discloses a method for processing a payment for a sale of goods as in Claim 27 above, and further discloses that the order data includes at least the price of the order and order number (col 7, line 12 – col 10, line 60).

Claim 29: Kravitz discloses a method for processing a payment for a sale of goods as in Claim 27 above, and further discloses that the local seller (agent) is a third party (col 7, line 12 – col 10, line 60). While it is not explicitly disclosed that the agent and the remote merchant have a contractual relationship, since the merchant must trust that the agent's certificate of payment it is inherent that the two entities have an agreement to participate in the system disclosed by Kravitz. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to solidify such an agreement through the use of a contract. One would have been motivated to have a contractual relationship between the parties involved in the

transaction and payment in order to have set guidelines, security measures (e.g. encryption), and verification procedures.

Allowable Subject Matter

11. Claims 72-74 contain allowable subject matter.

Statement of Reasons for the indication of Allowable Subject Matter

12. The following is a statement of reasons for the indication of allowable subject matter:

Prior art was found which disclosed receiving a code relating to an order from a remote seller, ascertaining the price of the order from the code, locally receiving payment in full for the order, and forwarding at least a portion of the payment to the remote seller (Kravitz). Prior art could not be found which disclosed that the code relating to the order was in a bar code format that was scanned in locally and used to identify that the order was a remote order.

Response to Arguments

13. Applicant's arguments filed March 22, 2004 have been fully considered but they are not persuasive.

a. Applicant argues against the obviousness-type double patenting rejection of Claim 27-29 in paragraph 2 of paper number 9. The Applicant cites several limitations in these claims which supposedly were not in the patented claims. However, the

Examiner notes that "certain data is received from a local seller" is implied in the patented claims in which a point-of-sale system receives the code, receives the money, and transmits the payment indication to the remote seller. In at least Claim 41, this point-of-sale system is "a point-of-sale system of a local seller". Thus, the remote seller in the patented claims is receiving the payment indication from the local seller's point-of-sale system. Likewise, the limitation that "the data relating to an order for goods includes at least one of a code and a purchase price" (pending Claim 28) is explicitly recited in several of the patented claims, such as Claim 40 "wherein said code encodes said purchase price" and Claim 27 "wherein said step of providing order data comprises providing at least one of said code and said purchase price". Finally, the limitation that "the local seller comprises a third party having a contractual relationship with said remote seller" (pending Claim 29) is explicitly recited in at least patented Claim 26 "wherein said local seller comprises a third-party retailer having a contractual relationship with said remote seller". Thus, in the present application the Applicant has merely "mixed and matched" the features in the patented claims without adding any further limitations. Therefore, the present claims would have been obvious in view of the patented claims.

b. The Applicant argued in reference to Claims 27-29 that Kravitz does not relate to a local seller (page 7). The Examiner notes that this issue has been responded to in the expanded rejection of these claims above. In particular, it was noted that the Applicant has defined the local seller in his specification to include local merchants, ATM system, "and any other appropriate system for receiving and processing financial

payment from customers" (page 9, lines 247-249), such as the local agent used by Kravitz.

As for the limitation of "transmitting for use, from said processor to said local seller, at least one of said code and said purchase price" (page 7), the Examiner notes that Kravitz explicitly discloses sending a payment request message to the local agent that is "for payment of a specific amount to a specific merchant" (col 8, lines 25-28). Thus, Kravitz is disclosing that at least the purchase price is being sent to the local agent (local seller). In other areas of the invention, Kravitz also discloses sending the code to the local seller.

As for the limitation that the local seller is "a third party having a contractual relationship with said remote seller", the Examiner notes that the local agent in Kravitz is not the remote seller nor the customer, but is a third party. It is also disclosed that the local agent could transfer the payment money to an account held by the Merchant Clearing Corporation (MCC), which will then do batch transfers to the remote seller's bank account (col 12, line 60 – col 13, line 8 and line 51-55). It is inherent that in order for the local seller and the MCC to process these batch transfers of funds that some sort of contractual agreement has been made with the remote seller. Such a prearranged agreement would be needed in order to assure the remote seller that the funds would actually be transferred to his account, to set up the periodicity of the batch transfer, and to provide the third party with the account information necessary to perform the transfer, much like the agreements a bank makes with third party billers in order to offer "automatic bill paying services" to its customers.

c. The Applicant states on page 9 of the response that "Claims 72-74 have been added in order to avail Applicants of the benefits of 35 U.S.C. 112, paragraph six." However, the Examiner notes this paragraph pertains to "means-plus-function" claims. Since these three method claims are written as a series of steps with no means, apparatus, or device for performing the steps claimed, they are process claims and do not fall under paragraph six.

Conclusion

14. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Exr. James W. Myhre whose telephone number is (703) 308-7843. The examiner can normally be reached on weekdays from 6:30 a.m. to 3:30 p.m.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber, can be reached on (703) 305-8469. The fax phone number for Formal and Official faxes is (703) 872-9306. Draft or Informal faxes may be submitted directly to the examiner at (703) 746-5544.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group Receptionist whose telephone number is (703) 308-1113.



May 18, 2004



James W. Myhre
Primary Examiner
Art Unit 3622